ADB

Grant Assistance Report

Project Number: 48236-001
September 2016

Administration of Grant
Mongolia: Strengthening Community Resilience to *Dzud* and Forest and Steppe Fires Project
(Financed by the Japan Fund for Poverty Reduction)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 September 2016)

Currency unit	–	togrog (MNT)
MNT1.00	=	$0.00045
$1.00	=	MNT2,240.00

ABBREVIATIONS

ADB	–	Asian Development Bank
CBDRM	–	community-based disaster risk management
DRM	–	disaster risk management
DRR	–	disaster risk reduction
GIS	–	geographic information system
ha	–	hectare
LEMA	–	local emergency management agency
NEMA	–	National Emergency Management Agency
PAM	–	project administration manual
PIU	–	project implementation unit

GLOSSARY

aimag	–	province
bagh	–	subdistrict
soum	–	district

NOTE

In this report, “$” refers to US dollars.

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PROJECT AT A GLANCE

1. Basic Data

Project Number: 48236-001

Project Name	Strengthening Community Resilience to Dzud and Forest and Steppe Fires Project (formerly Strengthening Capacity for Disaster Risk Management and Coordination)	**Department /Division**	EARD/EAER
Country	Mongolia	**Executing Agency**	National Emergency Management Agency
Borrower	Not applicable		

2. Sector

	Sector	Subsector(s)	ADB Financing ($ million)
✓	**Agriculture, natural resources and rural development**	Agricultural policy, institutional and capacity development	0.00
		Rural water policy, institutional and capacity development	0.00
		Total	**0.00**

3. Strategic Agenda

Strategic Agenda	Subcomponents
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive
Environmentally sustainable growth (ESG)	Disaster risk management Environmental policy and legislation Global and regional transboundary environmental concerns

Climate Change Information

Adaptation ($ million)	1.60
Climate Change impact on the Project	Low

4. Drivers of Change

Drivers of Change	Components
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change Civil society participation Institutional development Institutional systems and political economy Organizational development
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities
Partnerships (PAR)	Civil society organizations Implementation

Gender Equity and Mainstreaming

Effective gender mainstreaming (EGM)	✓

5. Poverty and SDG Targeting

Project directly targets poverty and SDGs	Yes
Geographic targeting (TI-G)	Yes

Location Impact

6. Risk Categorization: Low

7. Safeguard Categorization

Environment: C **Involuntary Resettlement:** C **Indigenous Peoples:** C

8. Financing

Modality and Sources	Amount ($ million)
ADB	**0.00**
Cofinancing	**3.00**
Japan Fund for Poverty Reduction - Grant	3.00
Counterpart	**0.00**
None	0.00
Total	**3.00**

9. Effective Development Cooperation

Use of country procurement systems	No
Use of country public financial management systems	Yes

Source: Asian Development Bank

I. INTRODUCTION

1. The Strengthening Community Resilience to *Dzud* and Forest and Steppe Fires Project aims to (i) strengthen community resilience to disaster risk by piloting an approach to develop community-based disaster risk management (CBDRM) plans, and (ii) support its implementation through collective action by *bagh* neighborhood groups.[1] The project will focus on the risks of *dzuds*[2] and forest and steppe fires in four target *aimags*—Dornod, Gobi-Altai, Khuvsgul, and Sukhbaatar. The project is proposed as a grant and will be implemented between 2017 and 2019. Project activities, based on a pro-poor, participatory approach, will directly benefit 7,000 herders and *soum* center residents in 2,500 households, including 250 households headed by women; and indirectly benefit the wider community in target *soums*,[3] with a total population of 32,000. The project will be the first in Mongolia to introduce and pilot a bottom–up institutionalized approach for the involvement of communities in disaster risk management (DRM).[4]

II. THE PROJECT

A. Rationale

2. Mongolia's harsh climate, poorly developed infrastructure, persistent poverty, limited institutional capacity, and nomadic herding lifestyle increase risk of loss of livelihood and damage to the ecosystem and environment due to natural and anthropogenic causes of hazards. The project will increase resilience of targeted rural communities and broader government capacity to selected natural hazards in Mongolia.

3. *Dzuds* and forest and steppe fires are among the potentially most damaging natural hazards in Mongolia. Recurring *dzuds* and droughts over the past decade have affected much of the rural population. The 2009–2010 *dzud* resulted in the loss of 25% of Mongolia's livestock population, affecting the livelihoods of 97,000 poor herder households. During the 2015–2016 *dzud,* 90% of the country was covered in snow and temperatures dropped to –50° Celsius, devastating grazing conditions for herders and their livestock, already reeling from the severe 2015 summer drought that led to a 40% reduction in wheat production and grazing pastures. According to the United Nations, over 41% of Mongolia's herder population was affected and 1.1 million livestock perished in the 2015–2016 *dzud.*[5]

4. While *dzud* is purely a natural climate phenomenon, forest and steppe fires are caused by natural and anthropogenic factors. In addition to lightning, forest and steppe fires are frequently

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[1] The design and monitoring framework is in Appendix 1.

[2] *Dzud* is a Mongolian term for a severe winter in which large numbers of livestock die from starvation or cold.

[3] Target *soums* include (i) Dornod *aimag*—Bulgan, Khulunbuir, Matad, and Tsagaan-Ovoo *soums*; (ii) Gobi-Altai *aimag*— Altai, Darvi, and Sharga *soums*; (iii) Khuvsgul *aimag*— Tsagaan-Uur and Ulaan-Uul *soums*; and (iv) Sukhbaatar *aimag*— Munkhkhaan, Sukhbaatar, and Tumentsogt *soums.*

[4] DRM is a process for designing, implementing, and evaluating strategies, policies, and measures to improve the understanding of disaster risk, foster disaster risk reduction and transfer, and promote continuous improvement in disaster preparedness, response, and recovery practices within the explicit purpose of increasing human security, well-being, quality of life, and sustainable development (A. Lavell et al. 2012: Climate Change: New Dimensions in Disaster Risk, Exposure, Vulnerability, and Resilience. In: *Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation* [Field, C.B., V. Barros, T.F. Stocker, D. Qin, D.J. Dokken, K.L. Ebi, M.D. Mastrandrea, K.J. Mach, G.-K. Plattner, S.K. Allen, M. Tignor, and P.M. Midgley (eds.)]. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change (IPCC). Cambridge University Press, Cambridge, UK, and New York, NY, USA, pp. 34.).

[5] Officially declared over as of 16 May 2016; data from the National Emergency Management Agency and the United Nations Humanitarian team as of 18 May 2016.

caused by human activity including vehicle sparks, cooking ash, improperly disposed cigarette butts, and hunter tracer bullets. The fires threaten herders and ecosystems, and claim the lives of poorly equipped firefighters, community members, and livestock. Forest fires contribute to an estimated loss of 60,000 hectares (ha) of forest per annum. In heavily forested areas, such as Tsagaan-Uur *soum* in Khuvsgul, impacts are magnified; in 2012, a major forest fire covering about 120 kilometers burned over 70% of its forests. Steppe fires spread quicker and wider causing significant losses of pastureland, livestock, *ger*s (traditional tents), and other assets. In 2015, Matad *soum* (Dornod) experienced 15 steppe fire incidents covering 1.8 million ha of pastureland causing an estimated direct damage and ecological damage of MNT5.1 billion; 30% of Munkhkhaan *soum's* (Sukhbaatar) territory (over 200,000 ha) burned as a result of 13 steppe fire incidents.[6]

5. Climate change may result in more intense and extreme weather events, increasing fire activity and decreasing the quality of fragile ecosystems, and potentially resulting in more loss of lives and assets. Mongolia's annual mean air temperature increased by 2.07° Celsius between 1940 and 2014, with the 10 warmest years in the last 70 years occurring since 1997.[7] Annual precipitation has decreased over the same period, and seasonal rainfall patterns have gradually increased in winter precipitation and decreased in summer rain in some regions. Forest cover has decreased from 13% to 8% over the past decade. The frequency of extreme weather has doubled in the last 2 decades and is expected to increase by 23%–60% by the middle of the 21st century, and the frequency and spatial extent of forest and steppe fires have increased since the 1950s.[8]

6. **Disaster risk management strategy and approach.** The Government of Mongolia has developed a legal framework, strategy, and action plan for DRM, underpinned by the 2003 Law of Mongolia on Disaster Protection, the 2011 State Policy and Program on Disaster Protection Capacity, the 2012 Law on Forest, and the 2015 Fire Safety Law. Although current laws and policies offer a framework for DRM nationally and locally, they predominantly focus on disaster preparedness and emergency response. A much-needed shift in practice is occurring toward a more holistic approach, emphasizing disaster risk reduction (DRR), community engagement, and emergency response. The National Program of Community Participatory DRR, approved in 2015, builds on the government's intention to develop a CBDRM approach. The successful implementation and operationalization of CBDRM will require the development of a bottom–up participatory mechanism locally to reflect specific circumstances and needs of individual communities, and encourage, facilitate, and manage voluntary collective action, by the communities and the local government, linked to local development.

7. **Local level disaster risk management capacity.** There are significant challenges in implementing local DRM due to equipment and resource constraints. *Aimag* administrations have little capability to reduce vulnerability and organize quick and effective responses to hazard events, partly because they are often too far from the scene of a disaster. Hence, they are dependent on *soum* administrations and *bagh* residents who have even less capacity. At the *soum* level, financial, human, and technical resources to reduce vulnerability, improve search and rescue, and provide acceptable emergency services are inadequate. Individual communities similarly have limited access to relevant tools and capabilities for fire prevention and fighting, including at the household level, and insufficient infrastructure to manage *dzud* and other extreme weather events. Therefore, communities remain highly vulnerable to natural hazards.

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[6] *Soum* governor's office data, verified by the Dornod Local Emergency Management Agency.

[7] United Nations Framework Convention on Climate Change. 2015. *The Intended Nationally Determined Contributions for Mongolia*. Ulaanbaatar.

[8] Amy Hessl et al. 2012. Reconstructing Fire History in Central Mongolia from Tree-Rings. *International Journal of Wildland Fire.* 21. 86–92.

8. **Institutional setup.** Although there are plenty of government actors responsible for DRM, efforts have been poorly coordinated due to the lack of technical capabilities, inadequate technology for hazard mapping and communication, and narrow focus on emergency response. The State Emergency Commission is the primary body responsible for DRM. Chaired by the deputy prime minister, with members from key ministries, it is activated in the wake of emergencies to lead the response and mobilize funds required for response, recovery, and rehabilitation. The National Emergency Management Agency (NEMA) is the operational arm that supports the State Emergency Commission in the event of disasters by helping with interdepartmental and interagency planning, oversight, and coordination. NEMA is present in the capital and, through its local emergency management agencies (LEMAs), in all 21 *aimags*. It has access to emergency resources and about 3,200 emergency personnel across Mongolia. LEMAs function as implementing agencies under *aimag* governors and are responsible for leading DRM in their administrative areas. *Soum* volunteer groups form the lowest level of DRM administration. Despite having wide geographic and administrative presence, the current DRM institutional apparatus—NEMA, LEMAs, and *soum* governor offices—lacks capacity, equipment, and funding. Moreover, skill sets are orientated largely around emergency response, while there is limited knowledge about DRR or CBDRM.

9. **Strategic fit.** The project seeks to support the Dornod, Gobi-Altai, Khuvsgul, and Sukhbaatar *aimags* in strengthening the capacity of local communities and national, *aimag*, and *soum* administrations to manage risks of *dzud* and forest and steppe fires. It is designed to complement the support of the Asian Development Bank (ADB) for the 2015–2016 *dzud*,[9] during which more than 3% of livestock in each of the Dornod, Gobi-Altai, and Khuvsgul *aimags* died, by aiming to increase medium- and long-term resilience by introducing and implementing innovative localized DRM actions to reduce vulnerability and strengthen the response capacity of herders and other local communities. The project is consistent with ADB's interim country partnership strategy for Mongolia, 2014–2016, [10] which states that climate-related disasters with high socioeconomic costs (particularly for herders) have doubled in frequency. It will complement NEMA's efforts to implement the 2015 National Program of Community Participatory DRR. It converges with ADB's Operational Plan for Integrated Disaster Risk Management, 2014–2020[11] that aims to operationalize DRM and strengthen developing member countries' DRM capabilities, knowledge, and resources to reduce disaster risks and respond to disasters in a timely, cost-efficient manner; and ADB's Operational Plan for Agriculture and Natural Resources, 2015–2020 that aims to enhance the management and climate resilience of natural resources.[12] The project is proposed as a grant based on the government's pro-poor, community-based approach and is included in ADB's 2016 pipeline as firm.[13]

10. **Sector context.** Significant development partner engagement in DRM in Mongolia began in response to the 1999–2002 *dzud,* in which 8.8 million livestock perished. This has since evolved into a broader DRM approach, going beyond top–down emergency actions and immediate preparedness. In 2002, the United Nations Development Programme began the first phase of a project on Disaster Mitigation and Management System in Mongolia based on lessons learned from the 1999–2002 *dzud*. This project is now in its fourth phase and has focused particularly on strengthening capacity, planning, coordination, and awareness-raising. Other partners, particularly

[9] ADB. 2016. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for the Dzud Disaster Response Project*. Manila.
[10] ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila.
[11] ADB. 2014. *Operational Plan for Integrated Disaster Risk Management, 2014–2020*. Manila
[12] ADB. 2014. *Operational Plan for Agriculture and Natural Resources, 2015–2020. Manila.*
[13] ADB. 2016. *Country Operations Business Plan: Mongolia, 2016*. Manila.

the Swiss Agency for Development and Cooperation and the World Bank, have (i) supported the initiatives for strengthening pasture risk management and sustainable livelihoods in rural areas to enhance *dzud* risk management, and (ii) established an index-based livestock insurance program to cover herders against *dzud*-related livestock mortality. There is further work to be done toward the medium- and long-term resilience of communities to disaster risk.

11. **Lessons.** The project design has incorporated lessons learned from international and national best practices in DRM and poverty reduction from the following projects: Community-Based Natural Resource Management, Establishment of Climate-Resilient Rural Livelihoods, and *Dzu*d Disaster Response,[14] such as the importance of: (i) operationalizing mechanisms for voluntary collective action of herder communities to improve efforts in CBDRM; (ii) forming community groups from a livelihood-agnostic perspective so that they sit within formal government DRM structures and plans, and take a multihazard approach; (iii) moving away from the existing focus on disaster response capabilities to a more holistic one emphasizing DRR; and (iv) closing the gap on national and local government and community capacity, equipment, and funding constraints for DRM, including limited access to relevant fire prevention and fighting tools, and insufficient infrastructure to manage extreme weather events.

B. Impacts and Outcome

12. The impacts will be (i) enhanced national safety through risk and vulnerability reduction, and strengthened disaster management; and (ii) strengthened disaster resilience in developing member countries. The outcome will be strengthened capacity of local *bagh* residents and national and local DRM administration units to manage risks from *dzuds* and forest and steppe fires.

C. Outputs and Key Activities

13. **Output 1: *Bagh* neighborhood group CBDRM action plans prepared.** Output 1 will focus on operationalizing CBDRM at *soum* and *bagh* levels, involving *bagh* neighborhoods (including households in *soum* centers). Under this output (i) gender-inclusive training and awareness activities for CBDRM, especially for poor and vulnerable groups, will be conducted; (ii) 100 *bagh* neighborhood groups across the 12 project *soums* will be formed;[15] (iii) *bagh*-level disaster risk assessments will be conducted based on (a) community consultations with *bagh* neighborhood groups and local *soum* governments to understand local disaster risk perceptions, coping mechanisms and approaches; and (b) existing secondary disaster and climate-risk information; and (iv) CBDRM action plans for *bagh* neighborhood groups in project *soums* will be developed to (a) identify localized infrastructure and equipment needs, communication protocols, training needs, and emergency actions; and (b) prioritize actions for implementation under the project.

14. **Output 2: Small-scale infrastructure, equipment, and technology for disaster resilience piloted.** Output 2 will focus on supporting the implementation of selected DRR

[14] ADB. 2008. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for Poverty Reduction through Community-Based Natural Resource Management.* Manila; ADB. 2010. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for the Dzud Disaster Response Project*. Manila; and ADB. 2012. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for Establishment of Climate-Resilient Rural Livelihoods.* Manila.

[15] Will be formed on the basis of organic groupings with no strict limits on size, location of household members, and occupation. To the extent possible, in areas where there are existing forest user groups, pasture user groups, and herder groups, these existing groups may be encouraged. Details are in Appendix 4 of the Project Administration Manual (accessible from the list of linked documents in Appendix 2).

measures prioritized in the *bagh* neighborhood group action plans by equipping communities with infrastructure, equipment, and technology for increased resilience to *dzuds* and forest and steppe fires risks at *bagh* and *soum* levels. These measures may include (i) building small-scale disaster and climate-resilient structures, such as improved fodder storage warehouses and livestock shelters and firebreaks, using locally sourced materials where possible; (ii) rehabilitating or constructing wells in areas at high risk for droughts and *dzuds* for use by *bagh* neighborhood groups; (iii) demonstrating how to build small-scale structures emphasizing concepts of collective community ownership and sustainable operation and maintenance for *bagh* neighborhood group beneficiaries; and (iv) providing packages of firefighting tools, such as handheld blowers, water tanks, and personal protective gear to *bagh* neighborhood groups. Two pilot demonstrations will be conducted under output 2: (i) the rehabilitation of low-capacity community irrigation systems for vegetable growing and haymaking in the Gobi-Altai *soum* to demonstrate the link between sustainable alternative livelihood options and disaster resilience; and (ii) design and piloting of a forest fire early warning system in two Khuvsgul *soums* to support timelier and more effective responses to fires and to reduce loss of life and assets.

15. **Output 3: CBDRM capacity of NEMA, LEMAs, and *soum* administrations strengthened.** Output 3 will focus on improving the capacity of NEMA, LEMAs, and *soum* administrations for supporting and carrying out CBDRM. Under this output (i) trainings will be designed and delivered to (a) *soum* administration, LEMA, and NEMA staff on the role of *bagh* neighborhood groups in disaster resilience; and (b) NEMA and LEMA trainers on concepts of disaster resilience and CBDRM; (ii) NEMA's geographic information system capabilities will be built by (a) upgrading the current disaster database, including communication capacity among NEMA, LEMAs, and *soums*; and (b) training NEMA and LEMA staff on the use of geographic information system and the application of remote sensing; (iii) risk reduction and emergency response equipment will be provided for improved communication, search and rescue, and unblocking road access to remote areas. Priority needs will be identified together with NEMA, LEMAs, the local emergency commission, and *soum* governors' offices. Project lessons will be disseminated to showcase experience, successes, and lessons learned by (i) developing and implementing a project communication outreach strategy, including site visits; (ii) hosting an end-of-project symposium; and (iii) developing knowledge products.

16. The project will take a phased approach; CBDRM action plans prepared under output 1 will identify (i) small-scale infrastructure and response capacity needs to be developed and piloted under output 2, and (ii) the scope of training needs under output 3. Once *bagh* governors endorse *bagh* neighborhood group action plans, the infrastructure, equipment, and technology needs identified and prioritized in output 1's action plans will be implemented under output 2.

17. **Project management.** NEMA lacks the personnel and resources needed to fully implement the project. The grant proceeds will (i) establish the administrative framework for the project, including a project steering committee and a project implementation unit (PIU); and (ii) finance the specialist support and PIU operational costs required to implement outputs 1–3.

18. **Stakeholder communication and dissemination of project results.** A project stakeholder communication strategy is included in the project administration manual (PAM).[16]

D. Cost Estimates and Financing Plan

19. The project is estimated to cost $3.0 million (Table 1). The Japan Fund for Poverty

[16] Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Reduction will provide a grant equivalent to $3.0 million, to be administered by ADB. Taxes and duties are included in the base cost. The executing agency will provide in-kind counterpart support in the form of office space, workshop and training venues, and staff time for project implementation; staff time and desk space will also be available in *aimags* and *soums*.

Table 1: Cost Estimates

Item	Amount ($)[a]	Share of Total (%)
A. Base Cost[b]		
1. *Bagh* neighborhood group CBDRM action plans prepared	408,620	13.62
2. Small-scale infrastructure, equipment, and technology for disaster resilience piloted	1,253,881	41.80
3. CBDRM capacity of NEMA, LEMAs, and *soum* administrations strengthened	441,070	14.70
Project management	633,700	21.12
Subtotal (A)	2,737,271	
B. Contingencies[c]	262,729	8.76
Total (A+B)	**3,000,000**	**100.00**
Administrative Budget Support[d]	**90,000**	

CBDRM = community-based disaster risk management, NEMA = National Emergency Management Agency, LEMA = local emergency management agency.

[a] Includes taxes and duties of $0.17 million to be financed from the Japan Fund for Poverty Reduction grant. The amount of taxes and duties are determined on the grounds that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to Japan Fund for Poverty Reduction-financed expenditures, and (iii) the financing of taxes and duties are relevant to the success of the project. Excludes in-kind contributions of $0.20 million to be provided by NEMA. Includes costs associated with implementing relevant safeguards and gender action plans. Includes estimated audit fees of $29,240 for the audit of the annual project financial statements for 2017–2019 to be financed from grant resources.

[b] In 2016 prices as of 15 April 2016.

[c] Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 7.0% for 2017–2019 for local currency costs; 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs; and 10% for national consultant fee rates in 2019.

[d] This additional budget support for grant implementation is provided under the Japan Fund for Poverty Reduction's administrative budget and is exclusive of the grant amount.

Source: Asian Development Bank estimates.

E. Implementation Arrangements

20. The project will be implemented over 3 years tentatively from October 2016 to October 2019.[17] NEMA will be the executing agency. It will establish a PIU in its Policy Cooperation and Coordination Department. The PIU, supported by a team of full-time staff and part-time consultants, will be responsible for overall project implementation, monitoring, and reporting. NEMA branches in *aimags* (LEMAs) will work closely with *aimag* governors' offices to utilize existing institutional structures and resources (including *aimag* experts from the Ministry of Health, the Ministry of Environment and Tourism, and the Ministry of Food and Agriculture). *Soum* governor office capacity will be leveraged for implementation in *soums* and *baghs*. A project steering committee will provide oversight and policy guidance for the project and meet semiannually. Chaired by NEMA, it will include representatives from project *aimags*, the Ministry of Environment and Tourism, the Ministry of Food and Agriculture, the Ministry of Finance, and project communities. The Embassy of Japan, ADB, and relevant development partners may participate as observers. The implementation arrangements are described in detail in the PAM.

21. All Japan Fund for Poverty Reduction-financed procurement for the project will be conducted in accordance with ADB's Procurement Guidelines (2015, as amended from time to

[17] The project is included in ADB's grant pipeline as 2016 firm.

time). Advanced contracting—limited to advertisement, selection, and the recruitment of PIU staff and consultants—will be used for this project. A finance specialist and a procurement specialist will be recruited under the PIU to provide administrative support in project operations and procure the project goods and works.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Implementation period	October 2016–October 2019		
Estimated completion date	31 October 2019 (Grant closing: 30 April 2020)		
Management			
(i) Oversight body	Project steering committee		
(ii) Executing agency	NEMA		
(iii) Implementation unit	Sit within NEMA's PCCD in Ulaanbaatar, five staff		
Procurement	Shopping for goods	9 contracts	$285,101
	Community participation	10 contracts	$201,175
	NCB	13 contracts	$1,191,288
Consulting services	ICS	542 person-months	$579,085
	CQS	2	$184,684
	LCS	1	$29,240
	SSS	1	$22,815
Advance contracting	Advertisement and selection of consultants to be done prior to grant effectiveness.		
Disbursement	The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and detailed arrangements agreed upon between the government and ADB.		

ADB = Asian Development Bank, CQS = consultants' qualifications selection, ICS = individual consultants selection, LCS = least-cost selection, NCB = national competitive bidding, NEMA = National Emergency Management Agency, PCCD = Policy Cooperation and Coordination Department, SSS = single-source selection.
Source: ADB estimates.

III. PROJECT FEATURES

A. Technical

22. The project will operationalize innovative localized CBDRM actions to improve the disaster resilience of herders and *bagh* center residents in selected *soums*. Small-scale infrastructure, equipment, and technology will be piloted in *baghs* and *soums*. The project team[18] provided technical support to ensure that best practices were integrated into design and implementation. The project design was built on stakeholder consultations and lessons from past projects that offer strong models for engaging rural communities in development.

B. Economic and Other Impacts, Financial Viability, and Sustainability

23. The project will support *bagh* residents to become more resilient to hazards. The project will support the long-term protection of natural resources on which local livelihoods are based, and reducing the damage incurred to *bagh* residents' assets and livestock. Although the grant will only support certain prioritized structures, equipment, and technologies, multihazard CBDRM action plans developed by the project present opportunities for further discussion with *soum* administrators and other donors for funding, translating into added benefits, and positive externalities. Given the high level of vulnerability and incidence of poverty in the project areas, substantial social and livelihood impacts are expected.[19]

[18] Includes grant preparation consultants engaged from seed funds.
[19] Since this is not an investment project and is a stand-alone grant, it is exempted from economic and financial analysis in accordance with the 2016 Japan Fund for Poverty Reduction Guidelines.

24. Activities under outputs 1–3 will support project sustainability after completion. Sustainable design measures include community-based participatory approaches to DRM, holistic top–down and bottom–up planning processes, the integration of long-term multihazard DRM planning into *soum* emergency plans and LEMA operations, capacity building at all administrative levels, and simple replicable models for disaster and climate-resilient facilities and emergency response mechanisms (including communication protocols). Under output 1, CBDRM action plans prepared by neighborhood groups in each *bagh* will be submitted to *soum* administration for integration with *soum* emergency response plans, and reviewed and renewed at the end of the project. Under output 2, small-scale infrastructure provided to *bagh* neighborhood groups to implement their DRM plan will last for at least 20 years beyond the project. Under output 3, strengthened CBDRM and rapid response capabilities in NEMA and LEMAs are in close alignment with the government's aim to develop a more comprehensive and vertically integrated DRM approach. Given the pilot nature of the grant, many activities have the potential for replication and scale-up in other areas. In particular (i) the process for developing and implementing community-based DRM plans by *bagh* neighborhood groups can be rolled out across Mongolia; (ii) the pilot early warning system for forest fires can later be scaled-up in all Khuvsgul *soums* as well as other forested *aimags*; and (iii) improvements in the NEMA disaster database can be expanded to be used by LEMAs in non-project *aimags* and by other agencies.

C. Governance

25. Due diligence on the executing agency's financial management was conducted. The pre-mitigation financial management risk for the project is assessed *moderate*. NEMA has a qualified in-house financial management structure that will provide financial and auditing oversight and has experience implementing donor-funded projects. The PIU will engage a qualified finance specialist, who will use accounting software acceptable to ADB; hard copy records will be maintained. ADB will provide training and intermittent mentoring to the PIU on ADB's financial management guidelines and procedures, as needed.

26. Due diligence on the executing agency's procurement capacity has been conducted. The pre-mitigation procurement capacity risk has been assessed *average*. The PIU will engage a procurement specialist. NEMA will establish a project procurement committee to review and approve procurement decisions. ADB will provide training and intermittent mentoring to the PIU on procurement guidelines and procedures, as needed. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and NEMA. The specific policy requirements and supplementary measures are described in the PAM.

D. Poverty and Social Impacts

27. The project is designed for disaster resilience, livelihood stability, and poverty reduction; and classified as effective gender mainstreaming under ADB's project gender classification system. Outputs 1 and 2 will strengthen the resilience of 3,000 households to disasters in up to 12 *soums* of Dornod, Gobi-Altai, Khuvsgul, and Sukhbaatar *aimags*, which will directly benefit at least 7,000 herders and *soum* center residents in 2,500 households, with about 250 households headed by women. The project will indirectly benefit the wider community in target *soums*, with a population of 32,000 people, of which approximately 49% are women and about 40% are below the poverty line. Under outputs 2 and 3, about 1,500 residents will receive capacity development, 200 *bagh* residents will have access to shared disaster-resilient livestock shelters or fodder storage facilities, 150 *bagh* residents will have access to an improved water source, and 30 *bagh* households will benefit from increased irrigation capacity for livelihood stabilization.

28. During preparation, consultations were held with men and women. The discussions revealed that women actively participate in conducting emergency response actions for hazard events such as moving families and animals to safe places, but they are not as actively engaged in physically fighting fires. In some project areas, women are not as actively engaged in community decision-making. A gender action plan has been prepared and comprises 9 actions with 17 indicators, of which 10 have quantitative indicators, with minimum targets of 30%–40% involvement of women in developing the *bagh* neighborhood CBDRM plans and training. Project activities are designed to be participatory and inclusive and will support the involvement of poor herder households and households headed by women.

E. Participatory Approach

29. The project is based on a strong community participatory approach, and opportunities to promote inclusive participation in project activities were identified via a consultative process in target project sites with local governments and communities. The project's phased approach allows for a comprehensive, inclusive consultation process early in implementation. This bottom–up planning and community-based approach to DRM enables a high degree of local participation and places control of inclusive decision-making and onus of fulfilling actions, prioritized through collective consensus, on beneficiaries. The plans will be anchored in *bagh* residents' disaster risk perception, social mechanisms, and local coping strategies, articulating their realities, needs, and priorities. The PIU will coordinate activities with civil society organizations to align the establishment of *bagh* neighborhood groups and development and the implementation of CBDRM action plans with the existing structure, plans, and activities of forest user groups, pasture user groups, and herder groups.

F. Development Coordination

30. Consultations have been held with the Embassy of Japan, the International Federation of the Red Cross and Red Crescent Society, the Japan International Cooperation Agency, the Mongolian Red Cross Society, the Swiss Agency for Development Cooperation, the United Nations Development Programme, the World Bank, the World Vision, The Nature Conservancy, and the Asian Disaster Preparedness Center. ADB will coordinate closely with development partners to collectively and complementarily support DRM in Mongolia and build on lessons learned. Opportunities for collaboration have been identified with the Japan International Cooperation Agency and the Japan Aerospace Exploration Agency.[20]

G. Safeguards

31. **Environment (category C).** Due diligence confirmed that there are no environmentally sensitive areas within the potential area of influence for civil works. The project will implement household and *bagh*-level activities, with no significant adverse environmental impacts expected, and will comply with ADB's Safeguard Policy Statement (2009).

32. **Involuntary resettlement, indigenous peoples (category C).** Due diligence confirms that there is no involuntary resettlement or land acquisition. There are some ethnic groups in the project *aimags*, but none are considered as triggering indigenous peoples, as there are no (i) communities of indigenous peoples; or (ii) groups self-identifying as distinct; or (iii) groups with distinct cultural, social, economic, or political institutions living in the project *soums*, as

[20] Development Coordination (accessible from the list of linked documents in Appendix 2).

confirmed by due diligence and national census data. The project is based on a participatory pro-poor approach and strives to be all-inclusive with no negative impacts on any community irrespective of gender, ethnic, or culture grouping. All project activities will comply with ADB's Safeguard Policy Statement.

H. Risks and Mitigating Measures

33. Risks and mitigating measures are summarized in Table 3. The project is considered low risk as (i) ADB has a sound record in related sectors in Mongolia, (ii) NEMA is experienced in donor-financed project administration, (iii) the project procurement classification is B, (iv) safeguard categorizations are C, and (v) climate risk is low given the limited vulnerability of the project components to climate.

Table 3: Summary of Risks and Mitigating Measures

Risks	Mitigating Measures
NEMA has limited capacity and no official institutional structure in *soums* or *baghs* for non-emergency response or resilience work.	PIU will engage 12 *soum* coordinators, familiar with their assigned areas and experience working with local communities; to be trained by the international CBDRM and national DRM specialists.
Limited accessibility to remote project sites may delay project implementation.	Reliable transportation for PIU and field coordinators will be provided by the project.
NEMA personnel have limited experience in implementing ADB projects.	PIU will engage a finance specialist and a procurement specialist. A procurement committee will be established by NEMA and MOF to support the project. NEMA will be trained in ADB procurement.

ADB = Asian Development Bank, CBDRM = community-based disaster risk management, DRM = disaster risk management, MOF = Ministry of Finance, NEMA = National Emergency Management Agency, PIU = project implementation unit.
Source: Asian Development Bank.

IV. ASSURANCES

34. The government and NEMA have assured ADB that implementation of the project shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and the grant agreement. The government and NEMA have agreed with ADB on certain covenants for the project, which are set forth in the grant agreement.

V. THE PRESIDENT'S DECISION

35. The President, acting under the authority delegated by the Board, has approved the administration by ADB of the grant not exceeding the equivalent of $3,000,000 to Mongolia for the Strengthening Community Resilience to *Dzud* and Forest and Steppe Fires Project, to be provided by the Japan Fund for Poverty Reduction.

Takehiko Nakao
President

14 September 2016

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned With
1. National safety enhanced through risk and vulnerability reduction, and disaster management strengthened[a]
2. Disaster resilience in developing member countries strengthened[b]

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Capacity of local *bagh* residents and national and local DRM administration units to manage risks from *dzud* and forest and steppe fires is strengthened.	By 2020: Loss of livestock caused by *dzud* conditions reduced by 10% in project *soums.* (Baseline 2016: TBD) Loss of livestock caused by fires reduced by 15% in project *soums.* (Baseline 2016: TBD) Number of community infrastructure damaged by fires reduced by 20% in project *soums.* (Baseline 2016: TBD)	NEMA's Disaster Research Institute annual data. National Registration and Statistics Office's annual livestock census. Ministry of Food and Agriculture annual data.	Changes in local or national political leadership disrupting the implementation of DRM actions. Major hazard event in project or surrounding area.
Outputs 1. *Bagh* neighborhood group CBDRM action plans prepared.	By 2018: 120 *bagh* neighborhood groups registered with *bagh* governor (of which at least 20% have women leaders, with at least 45% women membership). (Baseline 2016: 0) At least 90 *bagh* neighborhood groups have CBDRM action plans signed off by *bagh* governors. (Baseline 2016: 0) By 2019: At least 150 households in *soum* centers and 500 households outside the *soum* centers receive training in CBDRM (at least 35% of participants are women). (Baseline 2016: 0) 12 *soum* emergency response plans are expanded to integrate neighborhood CBDRM action plans. (Baseline 2016: 0)	*Soum* emergency and/or development plans. Quarterly progress and/or implementation reports produced by the PIU. ADB review mission reports.	Communities are limited in ability to participate in project activities due to time constraints and nomadic lifestyle. Limited uptake in local sector and/or development plans due to low levels of buy-in from local leadership. High turnover of *bagh* or *soum* administration trained under the project. Possible out-migration of capacitated herders from project areas.
2. Small-scale infrastructure, equipment, and technology for disaster resilience piloted.	By 2019: At least 5,000 *bagh* residents are accessing improved infrastructure and equipment (of which at least 40% are women). (Baseline 2016: 0) At least 60 *bagh* neighborhood groups have improved designs or materials for building livestock shelters or fodder storage	Quarterly progress and/or implementation reports produced by the PIU. ADB review mission reports.	Structures used for unintended purposes. Severe weather conditions may limit the implementation of project activities or damage project infrastructure.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	facilities (of which at least 20% are headed by women). (Baseline 2016: 0) At least 150 *bagh* residents have access to an improved water source (of which at least 40% are women). (Baseline 2016: 0) At least two *soums* are using pilot forest fire early warning system. (Baseline 2016: 0) Five *soums* have firebreaks. (Baseline 2016: 0)		Limited accessibility to remote project sites may delay project implementation.
3. CBDRM capacity of NEMA, LEMAs, and *soum* administrations strengthened.	By 2019: At least 60 NEMA and LEMA staff trained in local disaster preparedness and CBDRM (of which at least 20% are women). (Baseline 2016: 0) Four LEMAs better prepared for emergency response and CBDRM. (Baseline 2016: 0) At least 20 staff from NEMA and LEMA are using GIS to update and apply disaster data. (Baseline 2016: 1) At least 100 participants attend the final review symposium (at least 35% of which are women). (Baseline 2016: 0)	NEMA annual reports. Feedback from quarterly interagency coordination meetings organized by NEMA. Final project completion report. Report from final review symposium.	Lack of commitment from various levels of administration to coordinate efforts on DRM. NEMA personnel have limited experience in financial management and procurement. High employee turnover in NEMA and LEMAs receiving training.

Key Activities with Milestones

1. *Bagh* neighborhood group CBDRM action plans prepared.

1.1. Conduct training of project *soum* field officers on working with community groups, CBDRM, and project outputs and activities (Q1 2017).
1.2. Orient *bagh* communities and *soum* administrations on CBDRM and the project (Q2 2017).
1.3. Recruit and register *bagh* neighborhood groups (Q2 2017).
1.4. Train *bagh* neighborhood groups on disaster risk assessment and the development of action plans (Q2 2017).
1.5. Conduct disaster risk assessments based on consultations with the *bagh* neighborhood groups and existing secondary risk information (Q3 2017).
1.6. Assist *bagh* neighborhood groups to draft, revise, and finalize action plans, including identification of infrastructure, training, management needs, and communication mechanisms (Q4 2017).
1.7. Submit *bagh* neighborhood group plans to *bagh* governor and *soum* administrations for approval (Q4 2017).
1.8. Train *bagh* neighborhood groups on how to implement their action plans and monitor plan implementation (Q4 2017–Q4 2018).
1.9. Expand the existing *soum* emergency management plans to include multihazard CBDRM considerations based on aggregated *bagh* neighborhood group action plans (Q2 2018).
1.10. Assist *bagh* neighborhood groups to update action plans at the end of the project (Q3 2019).

2. Small-scale infrastructure, equipment, and technology for disaster resilience piloted.

2.1 Provide equipment and personal protective gear for *bagh* neighborhood groups in Dornod, Sukhbaatar, and Khuvsgul *soums* with high risk of fires (Q1 2018).
2.2 Design shelters for livestock and fodder storage facilities for *bagh* neighborhood groups in Dornod, Gobi-Altai, and Sukhbaatar *soums* with high risk of *dzuds* (Q2 2018).

Key Activities with Milestones
2.3 Conduct construction demonstrations in each *soum, Bagh* neighborhood groups in Dornod, Gobi-Altai, and Sukhbaatar *soums* build shelters/storage facilities to increase resilience to *dzud* (Q3 2018).
2.4 Construct wells and water points for *bagh* neighborhood groups in Gobi-Altai with high risk of *dzuds* (Q3 2018).
2.5 Provide barometers for early warning purposes to *bagh* neighborhood groups in Gobi-Altai with high risk of *dzuds* (Q1 2018).
2.6 Support alternative livelihood options by rehabilitating two irrigation systems in Sharga *soum* to (i) increase hay production, and (ii) expand vegetable growing (Q2 2018).
2.7 Design and cut firebreaks along *soum* borders to prevent steppe fire spreading in Dornod and Sukhbaatar (Q2 2018).
2.8 Design and cut firebreaks and provide water tanks to prevent forest fire spreading in Khuvsgul (Q3 2018).
2.9 Equip border patrol in Khuvsgul to assist in responding to forest fires (Q1 2018).
2.10 Design and pilot forest fire early-warning system in two Khuvsgul *soums* (Q2 2018).
3. CBDRM capacity of NEMA, LEMAs, and *soum* administrations strengthened.
3.1 Design and conduct trainings to *soum* administrations on the role of *bagh* neighborhood groups in disaster resilience (Q4 2017).
3.2 Design and conduct a train-the-trainer program for NEMA and LEMAs on disaster resilience (Q2 2018).
3.3 Improve NEMA's GIS capabilities by upgrading disaster database and communication among NEMA, LEMAs, *soums* (Q3 2018).
3.4 Design and conduct training on GIS basics and remote sensing for NEMA and LEMA "super users" (Q4 2018).
3.5 Provide siren systems, radio phones, and global positioning system equipment for relevant *soums* and LEMAs (Q1 2018).
3.6 Provide personal protective gear for project LEMAs and *soum* administrations for fire response, and to the Ministry of Food and Agriculture to administer livestock medicine for *dzud* resilience (Q1 2018).
3.7 Provide specialized road unblocking equipment to project LEMAs to increase accessibility in *dzud* or other severe weather conditions (Q1 2018).
3.8 Provide light equipment to Dornod and Sukhbaatar LEMAs for fighting steppe fires (Q1 2018).
3.9 Develop and disseminate knowledge of project activities, publications, and implement stakeholder communication (Q4 2019).
3.10 Organize and host a symposium to present learnings and applications of training and pilot demonstration under the project (Q4 2019).
Project Management Activities
Establish a project steering committee to guide grant implementation.
Establish a PIU to support grant implementation, coordination, and technical capacity of NEMA.
Recruit consultants for the PIU.
Monitor and evaluate project impacts, outcome, and outputs by using the project performance management system; submit semiannual progress reports until 2019.
Prepare inception (Q1 2017), midterm (Q3 2018), and final (Q4 2019) reports.
Support biannual project review missions until 2019.
Inputs
Japan Fund for Poverty Reduction: $3,000,000
Note: The executing agency will provide in-kind counterpart support in the form of office space, workshop and training venues, and staff time for project implementation; staff time and desk space will also be available in *aimags* and *soums*.

ADB = Asian Development Bank, CBDRM = community-based disaster risk management, DRM = disaster risk management, GIS = geographic information system, LEMA = local emergency management agency, NEMA = National Emergency Management Agency, PIU = project implementation unit, Q = quarter, TBD = to be determined.

[a] Government of Mongolia. 2011. *The State Policy on Disaster Protection*. Ulaanbaatar.

[b] ADB. 2014. *Operational Plan for Integrated Disaster Risk Management, 2014–2020*. Manila.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

http://www.adb.org/Documents/RRPs/?id=48236-001-2

1. Grant Agreement
2. Project Administration Manual
3. Summary Poverty Reduction and Social Strategy
4. Gender Action Plan
5. Development Coordination

Supplementary Documents

6. Japanese Visibility
7. Specific Coordination Details with the Local Embassy of Japan and the Japan International Cooperation Agency